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10/02/2015 **Calimmaco could pursue acquisitions to gain market share, will consider IPO**
Proprietary Intelligence

Story **Calimmaco Finance**, an Italy-based consumer credit provider, could consider acquisitions of local peers in 2H15 to boost its market share, said Luigi Rossi, co-founder and CEO of **Punto Quinto**.

Consumer loan providers Punto Quinto, **Synthesis**, and **Directafin** bought Calimmaco for an undisclosed amount last week. Finanziaria Internazionale acted as financial advisor to the buyers, while Masotti & Berger handled tax and legal affairs. Linklaters assisted the seller **LB UK RE Holdings**, a company put under administration following Lehman Brothers' collapse in 2008.

Targets of interest would have annual credit volumes of up to EUR 20m – EUR 25m, which translates to revenues of EUR 1.5m - EUR 2m and 1,000-plus customers, Rossi said. Management is willing to assess opportunities in 2H15 and carry out one or more acquisitions later in the year, he added.

Calimmaco Finance, which will be renamed **WE FINANCE**, operates in a niche credit market segment called “quinto dello stipendio” (“a fifth of the salary”), whereby individual borrowers repay loans in monthly installments equivalent to one-fifth of their salaries, net of taxes and contributions. Pensioners can apply for loans as well. The repayment period usually runs from a minimum of 24 months to a maximum of 120, with renewals also available.

This form of credit has a low-risk profile, Rossi said, given that repayments come directly from the borrower’s salary or pension, and insurance is in place in the event of the employee leaving the job or being laid off.

By acquiring Calimmaco, Punto Quinto, Synthesis and Directafin will be able to directly originate loans, instead of simply operating as mediators between lenders and borrowers, the CEO said. This is because Calimmaco is fully licensed to carry out such a service under Italian law.

Combining the “quinto dello stipendio” operations of the three partners, Calimmaco will have initial credit volumes of EUR 150m- EUR 160m, Rossi said. Management aims to increase volumes organically by 10-15% per year, in line with its five-year business plan. “Any acquisitions will only bring the growth rate higher”, he added.

Bidder	Calimmaco Finance S.r.l.	DS
Competitor	Neos Finance SpA	
Target	Calimmaco Finance S.r.l.	DS
Target	Calimmaco Finance S.r.l.	DS
Bidder	Punto Quinto Spa	DS
Previous Lawyer	Finanziaria Internazionale Holding S.p.A.	
Previous Lawyer	Masotti Berger	
Bidder	Synthesis Spa	DS
Bidder	directafin Spa	DS
Vendor	LB UK RE Holdings Limited	DS
Previous Lawyer	Linklaters	
Sectors	Financial Services	
SubSectors	Banking	
Topics	Other M&A Intelligence	
Intel Type	Bolt on/Oppportunistic IPO	
Countries	Italy	
Intel. Grade	Confirmed	
Intelligence ID	1963661	

Although safer for lenders compared to other forms of credit, the “quinto dello stipendio” loan product has been equally affected by the subprime mortgages-induced credit crunch in 2008, with credit availability slowing down markedly, the CEO said. Encouraging signs of a recovery have emerged since 2013. “The Italian market stands currently at around EUR 4bn – EUR 4.5bn per year”, he added.

Management could also consider listing Calimmaco in the mid-term on a minor index such as the STAR segment for mid-sized companies at the Milan Stock Exchange, Rossi said. “But not before having put in place a solid and credible project, with annual credit volumes increasing to EUR 250m”, he added.

Proceeds from an IPO could provide Calimmaco with additional M&A firepower as well as with the necessary financial solidity to be able to implement securitization of loans itself. At present, it either keeps the loans on its books or passes them on to financial institutions, which can in turn securitize them.

Rossi cited **Neos Finance**, part of bank group **Unicredit**, as the largest competitor nationally, noting however that it lacks the degree of specialization that providers like Calimmaco could offer.

Luigi Rossi is Punto Quinto’s majority shareholder alongside Giampaolo Salot; Synthesis’s majority shareholder is Francesco De Stefano, while Directafin is majority owned by Daniele Gatto.

by Andrea Putaturo in London

Source	Proprietary Intelligence
Value	GBP 1m (target’s revenues)
Stake Value	100%

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